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Lucia A Keegan 09/21/2006 02:26:17 PM From DB/Inbox: Lucia A Keegan

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Text:

C O N F I D E N T I A L PARIS 06326

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ACTION: ECON  
INFO: LABO FCS DCM POL ORA AMB ENGO SCIO AGR TRDO  
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DISSEMINATION: ECONOUT /1  
CHARGE: PROG

APPROVED: EMIN:TWHITE  
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TO RUEHC/SECSTATE WASHDC PRIORITY 1539  
INFO RUCNMEM/EU MEMBER STATES PRIORITY  
RUCNIRA/IRAN COLLECTIVE PRIORITY  
RUEHBJ/AMEMBASSY BEIJING PRIORITY 1319  
RUEHIL/AMEMBASSY ISLAMABAD PRIORITY 0648  
RUEHKL/AMEMBASSY KUALA LUMPUR PRIORITY 0230  
RUEHMO/AMEMBASSY MOSCOW PRIORITY 5628  
RUEHNE/AMEMBASSY NEW DELHI PRIORITY 1013  
RUEHNY/AMEMBASSY OSLO PRIORITY 1413  
RUEHKO/AMEMBASSY TOKYO PRIORITY 2353  
RUEHUNV/USMISSION UNVIE VIENNA PRIORITY 0540

C O N F I D E N T I A L PARIS 006326

SIPDIS

STATE FOR EB/ESC, EUR/WE, EUR/ERA, NEA/NGA AND EAP/J

E.O. 12958: DECL: 09/20/2021  
TAGS: [ETTC](#) [EINV](#) [EPET](#) [FR](#) [IR](#)  
SUBJECT: IRAN AND LIBYA SANCTIONS ACT (ILSA): TOTAL ON ITS  
REPORTED INTEREST IN AZADEGAN PROJECT

REF: A. PARIS 6211

[1](#)B. STATE 148000

Classified By: Classified by Econ Minister Thomas White for Reasons 1.5  
(d) and (e).

[1](#)1. (C) Summary. Total has not yet made irrevocable decisions to invest in the Azadegan Project. Until the UN Security Council agrees on international sanctions, however, Total would consider geographical, technical, and political risks in evaluating investment possibilities in Iran, a senior Total official told embassy officers. End summary.

[1](#)2. (SBU) On September 19, EconCounselor followed up previous meetings with the GOF (ref a) to convey ref b points to Total International Relations Senior Vice Hubert Loiseleur des Longchamps on Total's reported interest in Iran's Azadegan Project. Total Vice President Romaric Roignan also joined the meeting. EconCouns underlined that the timing of a possible investment would be particularly unfortunate given Iran's failure to comply by August 31 with UN Security Council Resolution 1696.

[1](#)3. (C) des Longchamps responded that Total's role as an oil company was the exploration and production of oil and gas

resources. Other large oil firms had a productive base in more stable countries with Exxon, Chevron, and Conoco producing in the U.S. and British Petroleum and Shell drilling in the North Sea. Total had no such base and its efforts focused on locations with greater geological, technical, and political risk. The international petroleum market had little spare capacity and Iranian oil was important to ensuring market stability. EconCounselor acknowledged the challenging conditions that Total, like other oil companies, faced in difficult operating environments. But Iran was a special case and it was important not to send a "business as usual" signal, particularly at this sensitive time.

14. (C) The UN Security Council (UNSC) has not yet imposed sanctions on Iran, des Longchamps said. If the UNSC adopted international sanctions, Total would respect them. In the meanwhile, however, Total had to pursue the interest of its shareholders. Without Total participation, the Japanese firm Inpex would likely proceed with the Azadegan project, since Total would have only a minority share. des Longchamps assured us that Total has taken no irreversible decisions yet, and he promised to inform other relevant Total officials of the U.S. position. Please visit Paris' Classified Website at: <http://www.state.sgov.gov/p/eur/paris/index.cfm> STAPLETON